

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
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**FEE AUDITOR'S FINAL REPORT REGARDING THE FINAL
FEES AND EXPENSES OF WALLACE, KING, MARRARO & BRANSON, PLLC,
FOR THE PERIOD OF APRIL 2, 2001 THROUGH MARCH 31, 2005**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the final fees and expenses of Wallace, King, Marraro & Branson, PLLC.

BACKGROUND

1. Wallace, King, Marraro & Branson, PLLC ("Wallace King"), was retained as special litigation and environmental counsel to the Debtors. Wallace King did not file a final fee application in these cases, however, we were asked by Debtors' counsel to perform a final review of Wallace King's fees and expenses. During the course of its work on the case, Wallace King sought and obtained interim approval for fees totaling \$5,393,303.40 and expenses totaling \$1,163,604.19 for its services from April 2, 2001 through March 31, 2005 (the "Final Application Period"). Our recommendations are contingent upon there being no objection by the Court or the United States Trustee to final approval of Wallace King's fees and expenses.

2. In the course of conducting our original audit and reaching the conclusions and recommendations contained in our interim final report, we reviewed in detail the prior interim

applications listed below in their entirety, including each of the time and expense entries included in the exhibits to those applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”),¹ and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

Prior Interim Applications

3. We note that we previously filed the following final reports for Wallace King’s prior interim applications, which final reports we incorporate by reference herein, and we also note the following orders that ruled on Wallace King’s prior interim fee applications:

1st - 3rd Periods: Amended Fee Auditor’s Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC, for the First, Second and Third Interim Periods (Docket #3038) filed on or about November 19, 2002, in which we recommended approval of fees totaling \$1,338,827.90 and expenses totaling \$316,318.77, reflecting our recommended reduction of \$2,323.00 in fees, as further explained in paragraphs 13 and 14 of that final report. The Court approved \$1,338,827.90 in fees and \$316,328.77 in expenses in the Order

¹We relied upon the version of the Local Rules with the effective date of February 1, 2001 in our review of the prior interim applications.

Approving Quarterly Fee Applications for the First, Second and Third Periods, dated November 25, 2002 (Docket #3091).

4th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Fourth Interim Period (Docket #2451) filed on or about July 29, 2002, in which we recommended approval of fees totaling \$253,359.50 and expenses totaling \$8,576.72.² These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fourth Period, dated October 9, 2002 (Docket #2797).

5th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Fifth Interim Period (Docket #2988) filed on or about November 14, 2002, in which we recommended approval of fees totaling \$231,788.60 and expenses totaling \$18,938.90, reflecting our recommended reductions of \$1,839.00 in fees and \$1,053.52 in expenses, as further explained in paragraphs 6, 7 and 8 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifth Period, dated November 25, 2002 (Docket #3092).

6th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Sixth Interim Period (Docket #3306) filed on or about February 3, 2003, in which we recommended approval of fees totaling \$364,875.50 and expenses totaling \$61,312.49, reflecting our

²Although not expressly stated in the conclusion of our final report for this period, our recommendation reflects a \$10.00 reduction in fees in order to correct a mathematical error in Wallace King's fee request.

recommended reduction of \$1,453.39 in expenses, as further explained in paragraph 6 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Sixth Period, dated March 14, 2003 (Docket #3511).

7th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Seventh Interim Period (Docket #3687) filed on or about April 21, 2003, in which we recommended approval of fees totaling \$629,139.50 and expenses totaling \$177,459.68, reflecting our recommended reduction of \$310.50 in fees, as further explained in paragraph 8 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Seventh Period, dated July 28, 2003 (Docket #4157).

8th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Eighth Interim Period (Docket #4110) filed on or about July 28, 2003, in which we recommended approval of fees totaling \$608,979.60 and expenses totaling \$190,477.88, reflecting our recommended reductions of \$391.50 in fees and \$5,620.52 in expenses, as further explained in paragraphs 5 and 9 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Eighth Period, dated September 22, 2003 (Docket #4480).

9th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King

Marraro & Branson, PLLC for the Ninth Interim Period (Docket #4546) filed on or about October 7, 2003, in which we recommended approval of fees totaling \$311,612.10 and expenses totaling \$31,607.18, reflecting our recommended reduction of \$269.79 in expenses, as further explained in paragraph 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Ninth Period, dated December 15, 2003 (Docket #4827).

10th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Tenth Interim Period (Docket #5034) filed on or about January 30, 2004, in which we recommended approval of fees totaling \$339,061.20 and expenses totaling \$36,586.88, reflecting our recommended reduction of \$1,870.00 in expenses, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Tenth Period, dated April 26, 2004 (Docket #5482).

11th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Eleventh Interim Period (Docket #5740) filed on or about June 8, 2004, in which we recommended approval of fees totaling \$266,944.30 and expenses totaling \$54,871.79, reflecting our recommended reduction of \$858.54 in expenses, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Eleventh Period, dated

June 16, 2004 (Docket #5822).

12th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Twelfth Interim Period (Docket #6250) filed on or about August 24, 2004, in which we recommended approval of fees totaling \$270,855.70 and expenses totaling \$29,828.67, reflecting our recommended reductions of \$1,410.50 in fees and \$639.07 in expenses, as further explained in paragraphs 3, 4, 5, and 7 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Twelfth Period, dated September 27, 2004 (Docket #6465).

13th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Thirteenth Interim Period (Docket #7010) filed on or about November 19, 2004, in which we recommended approval of fees totaling \$369,355.70 and expenses totaling \$67,356.74, reflecting our recommended reduction of \$156.64 in expenses, as further explained in paragraphs 3 and 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirteenth Period, dated January 22, 2005 (Docket #7622).

14th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Fourteenth Interim Period (Docket #7946) filed on or about March 3, 2005, in which we recommended approval of fees totaling \$356,693.30 and expenses totaling \$154,486.67, reflecting our

recommended reductions of \$304.50 in fees and \$1,020.54 in expenses, as further explained in paragraphs 3, 4, and 5 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fourteenth Period, dated March 22, 2005 (Docket #8081).

15th Period: Fee Auditor's Final Report Regarding Fee Application of Wallace King Marraro & Branson, PLLC for the Fifteenth Interim Period (Docket #8575), filed on or about June 8, 2005, in which we recommended approval of fees totaling \$48,025.50 and expenses totaling \$15,617.72, reflecting our recommended reduction of \$651.77 in expenses, as further explained in paragraph 3 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fifteenth Period, dated June 29, 2005 (Docket #8728).

16th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Sixteenth Interim Period (Docket #9387), filed on or about September 12, 2005, in which we recommended approval of fees totaling \$3,785.00 and expenses totaling \$154.10. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Sixteenth Period, dated September 27, 2005 (Docket #9513).

4. We have reviewed the final reports and orders allowing fees and expenses for the prior interim periods, and we do not believe there is any reason to change any of the amounts

awarded for the prior interim periods, except for the Third Interim Period. The combined fee order for the First, Second, and Third Interim Periods lists Wallace King's expenses for the Third Interim Period as \$40,904.16, however, the correct amount of expenses was \$40,743.53, for a difference of \$160.63.³ Thus, Wallace King's expenses for the Third Interim Period should be reduced by \$160.63 to correct the error.

CONCLUSION

5. Thus, we recommend final approval of \$5,393,303.40 in fees and \$1,163,443.56 in expenses (\$1,163,604.19 minus \$160.63)⁴ for Wallace King's services for the Final Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



By: _____

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FEE AUDITOR

³There was an error in Wallace King's December 2001 monthly fee application resulting in Wallace King's expenses being overstated by \$160.63.

⁴This is the amount of our recommended reduction in order to correct an error in Wallace King's expense award for the Third Interim Period. *See* paragraph 3.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 23rd day of August, 2014.



Warren H. Smith

SERVICE LIST

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